

August 17, 2007

1120 Stakeholders

We are pleased to announce that we are posting the first draft of the Tax Year (TY) 2007 XML schemas (version 2007v1.0) that we refer to as Release 5.0 on our website. These schemas focus on the new tax year form and tax law changes that have occurred. Publication 4162 (Modernized e-File Test Package for Forms 1120/1120-S and 7004) and Publication 4162-F (Modernized e-File Test Package for Form 1120-F, U.S. Income Tax Return of a Foreign Corporation) for Tax Year 2007 will be published on the irs.gov website by the end of August. We anticipate Assurance Testing (ATS) to begin November 5, 2007.

XML Schemas

The schemas we are presenting today are the first draft of Tax Year 2007 XML schemas for all 1120/1120-S/1120-F/7004 forms and schedules (new version 2007v1.0). The schemas are posted in the **ATS System** table on the current valid schema chart posted to [irs.gov](http://www.irs.gov/taxpros/providers/article/0,,id=97626,00.html) at <http://www.irs.gov/taxpros/providers/article/0,,id=97626,00.html>. Also included are the "Diff Files" that show the changes from the previous schema versions. The **Production System** table contains the current valid schemas for Forms 1120, 1120-S and 7004 that are still being used to process TY 2004, TY2005 and TY2006 tax returns and TY 2006 timely-filed extensions.

Please note: The Instance Document contained in the schema files is viewable with any generic MIME-reader. Found within the 1120 folder, the Instance Document contains an example 1120 transmission.

Business Rules

Release 5.0 Business Rules for TY 2007 (new version 2007v1.0) are posted in two different formats that contain identical information – Adobe (.pdf) and a comma-separated file (.csv). A column within the file identifies changes made from the last posted version to help clarify what changes were made. The new business rules are posted in the **ATS System** table on the current valid schema chart posted to [irs.gov](http://www.irs.gov/taxpros/providers/article/0,,id=97626,00.html) at <http://www.irs.gov/taxpros/providers/article/0,,id=97626,00.html>. As with the XML schemas, current valid Business Rules for TY 2004, TY 2005 and TY2006 are shown in the **Production System** table.

Key Changes

The following forms have been added in XML for TY2007:

- 1120-F and its associated schedules (M-1/M-2, M-3, H, I and P)
- 5375 (American Samoa Economic Development Credit)

Note: We are also planning to add Form 1120X in XML and Form 2553 in PDF for TY2007. We will keep you informed of the status in our future postings.

The following form will be obsolete beginning with TY2007:

- Form 8913

Beginning January 2008, Modernized eFile will only accept tax returns for Tax Years 2005, 2006 and 2007.

As a reminder, please see the Large and Mid-Size Corporation (LMSB) website for special instructions and procedures for taxpayers required to efile at <http://www.irs.gov/businesses/corporations/article/0,,id=147101,00.html>.

As always if you have any questions or comments, please contact us at 1120@irs.gov. You can also contact Xan Ostro at (202) 283-7697 or Martin Kuffel from the ETA team at (202) 283-0411. For questions on 7004, you can contact Linda Lateef at (202) 283-0014 and for questions on 1120-F, you can contact Elizabeth Kelley at (202) 283-4849.